

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4423-01
Bill No.: HB 2036
Subject: Environmental Protection; Licenses - Misc.; Natural Resources Dept.
Type: Original
Date: April 3, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Petroleum Storage Tank Insurance Fund	(\$138,000)	(\$135,000)	(\$109,000)
Total Estimated Net Effect on <u>All</u> State Funds*	(\$138,000)	(\$135,000)	(\$109,000)

*Does not include Licensing Fees, Administration and Enforcement of Requirements and Rules.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Public Safety - State Emergency Management Association** assume this proposal would have no direct fiscal impact on their organization.

Officials of the **Division of Fire Safety** would select an employee to serve on the "Tank Installers Licensing Advisory Board". This would not have a fiscal impact on the Division.

Officials of the **Secretary of State (SOS)** stated that this proposal would allow the Department of Natural Resources to promulgate rules to implement the proposal. Based on experience with other divisions, the rules, regulations and forms issued by the Public Service Commission could require as many as 26 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in *Missouri Register* as in the *Code* because cost estimates and fiscal notes are not repeated in the *Code*. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The estimated cost of publication in FY 2003 for this proposal is \$1,599. Actual cost could be more or less and costs in future years would depend upon frequency and length of rules filed, amended, rescinded or withdrawn. $[(26 \times \$27) + (39 \times \$23) = \$1,599]$

This proposal alone would not require the Secretary of State to hire additional personnel; however, the cumulative effect of several bills requiring rulemaking activity could require additional resources.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials of the **Petroleum Storage Tank Insurance Fund (PSTIF)** assume the cost of personnel who are on site during tank removal projects would increase as a result of licensing fees and requirements. On average, PSTIF estimated that the hourly rates would increase by \$10 per hour. Generally, PSTIF has two persons on site during a tank removal and cleanup project. The average time involved in such projects is 50 hours per person.

PSTIF officials assume they will receive 138 claims in FY03, 135 claims in FY04 and 109 claims in FY05. Therefore, it was assumed that this proposal would result in an increased cost of \$138,000 in FY03, \$135,000 in FY04 and \$109,000 in FY05.

Officials of the **Department of Natural Resources (DNR)** estimate that Missouri has approximately 11,700 underground storage tanks at 3,800 sites. The department assumes there are approximately 400 contractors in the business of installing, repairing, or removing

underground liquid storage tanks who will be required to obtain a license.

The proposal assigns additional duties to the department; therefore, it is assumed that additional resources would be requested.

The department also assumes there would be one-time expenses to add a Tank Installers Licensing Program Component to the current department certification/training database.

The proposal requires the department to devise and publish a fee schedule to cover the costs of the examinations, issuance of licenses, license renewals and examination instructional materials. No one would be issued a license unless he/she paid all the appropriate fees.

For purposes of this fiscal note, the **Department of Natural Resources** assumes that start-up costs would have to be appropriated and any ongoing costs associated with this program would be recouped through the licensing fees paid by licensees.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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**PETROLEUM STORAGE TANK
INSURANCE FUND**

<u>Income</u> - Department of Natural Resources - Licensing Fees	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
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Costs - Petroleum Storage Tank Insurance Fund

Estimated Hourly Rate Increase	(\$138,000)	(\$135,000)	(\$109,000)
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<u>Costs</u> - Department of Natural Resources - Administration and Enforcement of Requirements and Rules	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)
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**ESTIMATED NET EFFECT ON
PETROLEUM STORAGE TANK
INSURANCE FUND***

	(\$138,000)	(\$135,000)	(\$109,000)
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***Does not include Licensing Fees, Administration and Enforcement of Requirements and Rules**

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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	\$0	\$0	\$0
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FISCAL IMPACT - Small Business

Yes, this proposal requires small businesses who install, repair, or remove underground liquid storage tank systems to obtain a license to perform such functions. There would be a license fee established..

DESCRIPTION

This bill requires the Department of Natural Resources to establish licensing requirements for companies that install, repair, or remove underground tanks used to store gasoline, diesel fuel, heating oil, jet fuel, other petroleum derivatives, or any other liquid federally classified as hazardous. Licenses are not required for tank relining, tightness testing, and all work on tanks with capacities less than 250 gallons.

Local jurisdictions may not impose additional licensing requirements, but may establish more stringent tank installation, repair, or removal standards that must be followed by licensed contractors. Licensees need not be Missouri residents, and the department may develop reciprocity agreements with other states.

By March 1, 2003, companies must have acquired an interim license by filing a statement with the department stating that they have been involved in underground tank work as a primary business for at least two years. By September 1, 2003, the department will begin conducting written examinations. By March 1, 2004, companies must have obtained a regular license by having at least one active officer pass the written examination; stipulating that the company will have at least one person who has passed the examination present as a supervisor at each job site for at least 75% of the time work is being performed; and having commercial insurance, surety bonds, or liquid assets which total at least five times the amount of the largest contract the company has performed during the previous two years. Fees for examinations and licensing are established by the department. Licenses must be renewed every two years, and the department may require evidence of continuing education or competency for renewal. Denials of licenses or renewals may be appealed to the Administrative Hearing Commission.

The bill also establishes a board of five to seven members to advise the department on examination and licensing requirements. Members are appointed by the department director and must include one representative each from the Missouri Petroleum Marketers and Convenience

Store Association, the Division of Fire Safety of the Missouri Department of Public Safety, the Petroleum Equipment Institute, and a registered engineer from American Petroleum Institute. Members must be Missouri residents and serve three- year, staggered terms with a two-term limit.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Department of Public Safety - Division of Fire Safety
Department of Public Safety - State Emergency Management Association
Secretary of State



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Acting Director
April 3, 2002